

# China opens new doors for Wipro's consumer care biz

*Avik Das & Shilpa Phadnis TNN*

**Bengaluru:** Wipro Consumer Care & Lighting (WCCL) has emerged from the shadows of its parent entity and is set to touch \$1 billion in revenue this fiscal. Some of the growth in recent years has come from the company's success in China. A stronger foothold in Malaysia, Vietnam and Indonesia, and the continued gains of the Indian portfolio led by the Santoor and Chandrika brands have also helped, Vineet Agrawal, CEO of WCCL, told TOI.

WCCL, part of the unlisted entity Wipro Enterprises, clocked \$908 million in revenue in 2016-17. When Agrawal took charge in 2002, it was a mere Rs 300 crore. The division was aggressive with acquisitions to enable international growth. It has spent around \$650 million on acquisitions, including \$250 million that it spent on buying Singapore's personal care products maker Unza Holdings in 2007. Unza is now a \$75 million brand.

Two years ago, WCCL bought Zhongshan Ma Er to get a strong foothold in the Guangdong (China) market. The Chinese market now contributes \$125 million to WCCL's business and 15% of this business is driven by ecommerce platforms. Of the overall revenues of its personal care business, 50% comes from outside India and all of these through brands it acquired.

"When we acquired Unza, we made the mistake of spreading it all over China. Many international companies have exited China because of homegrown competition. What we then did was to focus on just one province in China – Guangdong. And we are targeting select categories like shower, bath, rollons and liquid detergents. About 75% to 80% of our China business now comes from there; it has prominent cities like Shenzhen and Guangzhou. This one province has a GDP greater than \$1 trillion," Agrawal said.

He said Chinese consumers have evolved and so have the homegrown brands like Pechion and Seeyoung. And Chinese customers are fast embracing e-commerce and messenger/chat platforms. These are opening up new channels for WCCL.

In Guangdong province, Wipro has 13.7% market share in shower gels and is No. 3, behind Unilever and P&G. In bar soaps, it has an 8.7% market share and is No. 2, behind P&G. In roll ons, its market share is 12.6% and is No. 3, behind Nivea and Unilever. In liquid detergents, it has 9.1% market share, and is No. 3, behind two local brands, Blue Moon and Liby. The acquisition of Zhongshan Ma Er gave WCCL distribution reach into tier-2 and 3 towns.

Agrawal said WCCL did something very different from its MNC peers. It tapped into local beliefs and nuances to shape its product and marketing strategy. The Chinese swear by the swiftlet's nest, made of the hardened saliva of the bird. They believe it has anti-aging properties. Five nests cost over \$100. WCCL incorporated the property into its skincare products. "It's similar to sandal and turmeric here," Agrawal said. WCCL's shower gels and shampoos have a high level of perfume because in many parts of China, customers use these instead of standalone fragrances.

WCCL's other big external market is Malaysia, which contributes \$150 million to its personal care revenues. Vietnam is about half of Malaysia's size.

India will touch \$500 million this year, with Santoor the No. 1 brand in its category in the South and West. Other key brands in its portfolio are Bio-Essence, a skincare brand that focuses on anti-aging and moisturizing, and Safi, a Halal personal care and skin care brand.

Safi and Bio-Essence are the No. 1 and No. 2 brands in facial care in Malaysia.

In India, though consumer demand has been hit by GST and demonetisation this year, Agrawal is focusing on some distinct trends – urbanisation, customers switching from unbranded to branded products, and premiumisation – which he thinks offer significant opportunities for the future.

## FOCUSED APPROACH

WCCL expected to touch <b>\$1 billion</b> revenue in 2017-18	<b>50%</b> of WCCL's personal care business comes from outside India	Chinese market contributes <b>\$125 million</b> to WCCL's business
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**Vineet Agrawal** | CEO OF WCCL

